

**Internal Control Assessment
FSA's Management of its Capital Assets**

Purpose

To ensure that FSA is maintaining and following current and proper policy and procedures for its capital assets.

Background

In accordance with the Office of Management and Budget Circular No A-11, FSA is required to implement the circular's policy for planning, budgeting, acquisition and management of its capital assets. FSA must effectively manage its portfolio of capital assets to ensure that scarce public resources are effectively utilized.

FSA must establish and maintain a capital programming process that links mission needs and capital assets in an effective and efficient manner. Effective capital programming requires long-range planning and a disciplined budget decision-making process as the basis for managing a portfolio of assets to achieve performance goals and objectives with minimal risk, lowest life-cycle costs, and greatest benefits to FSA. The process will integrate FSA's capital investments; strategic and performance plans; financial management plans; information resource management plans; method for performance-based acquisition management; and budget formulation and execution processes.

FSA must manage its capital asset portfolio and make decisions on the best allocation of assets to achieve strategic goals and objectives within budget limits. FSA must develop, implement and use a capital programming process to develop its capital asset portfolio. FSA must ensure that spending on capital assets directly supports its mission and will provide a return on investment equal to or greater than alternate uses of funding. FSA must identify and retire capital assets that no longer fulfill ongoing or anticipated mission requirements or do not deliver intended benefits to the agency or its customers.

Internal Control Standard

FSA must effectively manage its capital assets.

Assessment of FSA's Compliance*

We have reviewed FSA's portfolio of capital assets and determined that FSA is achieving its capital asset performance goals and objectives because of a proper management of all its capital assets.

* The actual testing phase including interviews and examination of sampled records has not yet occurred. This write-up is only a sample of what may be discovered during the testing phase of the FMFIA process.